

City of Detroit

CITY COUNCIL

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TO: James Jackson, Director
Department of Public Works

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 29, 2005

RE: 2005-2006 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2005-2006 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Sean Werdlow, Chief Financial Officer
Roger Short, Budget Department Director
Tina Tolliver, Budget Department Team Leader
Kandia Milton, Mayor's Office

Department of Public Works (19)

FY 2005-06 Budget Analysis by the Fiscal Analysis Division

Summary

The Public Works Department is a General Fund agency. In the Mayor's 2005-06 Recommended Budget sections of the Public Works Department, Environmental Affairs and Public Lighting Department are being combined into the Municipal and Environmental Services Department. Some sections of the Public Works Department are being moved to a new department called General Services Department. One other major change, not necessarily connected with the major reorganization, is the moving of those operations, mainly street maintenance, from the general fund with a reimbursement from the street fund, directly to the street fund.

On page B52 of the Executive Budget Summary 2005-06, the Mayor presents the City of Detroit Street Fund Summary, which reflects the fund where gas and weight taxes distributed to the city under Act 51 are deposited. The summary shows how the street fund revenues are allocated to city departments for street fund operations, maintenance, capital projects involving street resurfacing and equipment purchases. The city in-kind contribution is also reflected. The street fund is presented as the Major and Local Street Funds in the city's Comprehensive Annual Financial Report.

2004-05 Surplus/(Deficit)

The Administration anticipates the department will end the 2004-05 fiscal year with a net deficit of \$8.7 million. The Budget Department is reporting a \$6.0 million appropriation deficit and a \$2.7 million revenue deficit. The deficit on the appropriation side is reportedly due to salary surpluses offset by overtime deficits, and the revenue deficit is a short fall in license, permits/sales and charges.

Overtime

The overtime budget for the current fiscal year is \$3.8 million. As of March 31, 2004, the department has spent \$4.8 million on overtime, creating a deficit of \$1.2 million in overtime expenditures. This appears to be one area where the administration is not controlling overtime.

The Mayor is recommending an overtime budget of \$4.1 million for 2005-06. While the year-to-year comparisons are clouded by the reorganization, the funding of overtime may not be achievable.

Personnel and Turnover Savings

Following is information by appropriation comparing current FY 2004-05 budgeted positions, March 31, 2005 filled positions and FY 2005-06 recommended positions.

Appropriation/Program	Mayor's				
	Budgeted	Filled	Budget	Over/(Under)	Mayor's
	Positions	Positions	Positions	Actual to	Recommended
	<u>FY 2004-05</u>	<u>3/31/2005</u>	<u>FY 2005-06</u>	<u>04/05 Budget</u>	<u>Turnover</u>
Municipal & Environmental Services					
Department (19)					
190100 Administration	12	11	9	(1)	\$ -
190102 Assistance Center	3	1	0	(2)	\$ -
190103 Training	8	7	6	(1)	\$ -
190105 Guard Services	4	4	0	0	\$ -
190117 Detroit Call Center	0	0	0	0	\$ -
00028 Administration	27	23	15	(4)	\$ -
00030 Building Operations	98	63	66	(35)	\$ -
190300 Administrative Services	5	5	3	0	\$ -
190301 Production Data Center	9	8	6	(1)	\$ -
00034 Solid Waste Management	14	13	9	(1)	\$ -
190302 Supervision & Field Office	7	5	4	(2)	\$ -
190303 Seasonal Bulk Pick-Up	15	3	0	(12)	\$ -
190305 Courville Bulk Collection	152	101	125	(51)	\$ -
190306 Courville Refuse Coll. (Res.	145	161	124	16	\$ -
190307 Business District Cleanup	43	14	0	(29)	\$ -
190308 Container Services	18	10	13	(8)	\$ -
190309 Yard Operations	34	12	34	(22)	\$ -
191301 Building & Equipment Maint.	10	11	0	1	\$ -
00035 Refuse Collection	424	317	300	(107)	\$ -
190340 Supervision & Field Office	7	7	6	0	\$ -
190342 Major Street Cleaning	10	44	10	34	\$ -
190343 Residential Street Cleaning	23	97	23	74	\$ -
00037 Street Cleaning	40	148	39	108	\$ -
00038 Vacant Lot Clean-up	19	9	19	(10)	\$ -
00040 Refuse Disposal	12	9	12	(3)	\$ -
190500 Divisional Admin.Services	24	22	0	(2)	\$ -
190510 Non-Parks Ground Maint.	38	34	0	(4)	\$ -
00041 Street Maintenance	62	56	0	(6)	\$ -
00042 Paved Street Maintenance	84	22	0	(62)	\$ -
00046 Equipment Maintenance	22	20	0	(2)	\$ -
00047 Yard Operations	7	6	0	(1)	\$ -
00049 Reimbursed-Street Maint.	44	54	0	10	\$ -
190600 Admin. & General Office	6	6	0	0	\$ -
190601 Building Maintenance	14	14	0	0	\$ -
190604 Vehicle Control Center	5	5	0	0	\$ -
190605 Vehicle Maintenance	190	166	0	(24)	\$ -
190610 Fleet Management	2	1	0	(1)	\$ -
00051 Vehicle Management	217	192	0	(25)	\$ -
190602 Stores & Supplies	15	10	0	(5)	\$ -
190603 Gas Station	4	5	0	1	\$ -
00052 Stores and Supplies	19	15	0	(4)	\$ -
190702 Engineering Services	3	2	3	(1)	\$ -
190703 Administrative Services	6	5	3	(1)	\$ -
190704 Program/Project Mgmt.	0	28	0	28	\$ -
190705 Design Services	7	6	5	(1)	\$ -

Appropriation/Program	Mayor's				
	Budgeted	Filled	Budget	Over/(Under)	Mayor's
	Positions	Positions	Positions	Actual to	Recommended
	FY 2004-05	3/31/2005	FY 2005-06	04/05 Budget	Turnover
190706 Structure Design	2	2	0	0	\$ -
190707 Street & Highway Design	8	7	7	(1)	\$ -
190708 Survey & Permits	12	13	8	1	\$ -
190709 Building & Bridge Inspection	25	23	20	(2)	\$ -
190710 Permits	6	0	6	(6)	\$ -
190711 Sidewalk Inspections	8	0	7	(8)	\$ -
191701 General Inspection	8	15	7	7	\$ -
00910 City Engineer	85	101	66	16	\$ -
193822 DPW Street Maintenance	0	0	213	0	\$ -
193825 Transportation Planning	27	26	24	(1)	\$ -
193826 Trans. - Signs & Markings	56	49	59	(7)	\$ -
06424 Major Street Funds - Operations	83	75	296	(8)	\$ -
11717 Detroit Call Center	0	0	0	0	\$ -
11817 Environmental Affairs Admin.	0	0	10	0	\$ -
11818 Environmental Code Enforce.	0	0	12	12	\$ -
199510 General Administration	0	0	3	0	\$ -
198520 Production Control	0	0	1	0	\$ -
198530 Inspection Control	0	0	4	0	\$ -
198540 Claims Office	0	0	3	0	\$ -
198560 Stores & Warehouse	0	0	6	0	\$ -
11819 General Administration	0	0	17	0	\$ -
198590 Engineering Administration	0	0	6	0	\$ -
198600 Street Lighting Design	0	0	4	0	\$ -
198610 Traffic Signal Design	0	0	4	0	\$ -
198620 Transmission & Dist. Design	0	0	5	0	\$ -
198630 Substation Design	0	0	4	0	\$ -
198640 Under. Fac. Maps & Records	0	0	3	0	\$ -
11820 Engineering	0	0	26	0	\$ -
198660 Supervision	0	0	3	0	\$ -
198670 Construction	0	0	18	0	\$ -
198680 Maintenance	0	0	14	0	\$ -
198690 Cables	0	0	19	0	\$ -
198700 Conduit	0	0	11	0	\$ -
198710 Street Lighting Maintenance	0	0	12	0	\$ -
198720 Building Maintenance	0	0	7	0	\$ -
18821 Construction & Maintenance	0	0	84	0	\$ -
198730 Operating Administration	0	0	3	0	\$ -
198740 System Testing	0	0	2	0	\$ -
198750 Electrical System Control	0	0	8	0	\$ -
198760 Electrical Maintenance	0	0	10	0	\$ -
198770 Building Maintenance	0	0	0	0	\$ -
198780 Traffic Signal Maintenance	0	0	11	0	\$ -
198790 Plant Protection	0	0	0	0	\$ -
11822 Operating Division	0	0	34	0	\$ -
198800 Heat & Power Administration	0	0	7	0	\$ -
198820 Testing & Instrument Maint.	0	0	9	0	\$ -

	Budgeted	Filled	Mayor's	Over/(Under)	Mayor's
	Positions	Positions	Budget	Actual to	Recommended
<u>Appropriation/Program</u>	<u>FY 2004-05</u>	<u>3/31/2005</u>	<u>FY 2005-06</u>	<u>04/05 Budget</u>	<u>Turnover</u>
198830 Mechanical Operations	0	0	34	0	\$ -
198840 Mechanical Maintenance	0	0	11	0	\$ -
198850 Power Plant Yard Operations	0	0	5	0	\$ -
198870 Kiefer Heating Plant	0	0	4	0	\$ -
11823 Heat & Power Production	0	0	70	0	\$ -
19XXXX Leave of Absence	0	(40)	0	(40)	\$ -
19XXXX Worker's Comp.	0	(29)	0	(29)	\$ -
19XXXX Unmatched Positions	<u>0</u>	<u>68</u>	<u>0</u>	<u>68</u>	<u>\$ -</u>
TOTAL	<u>1,257</u>	<u>1,123</u>	<u>1,075</u>	<u>(122)</u>	<u>\$ -</u>

Proposed Layoffs

The 2005-06 Budget includes the layoff of 180 employees from the Public Works Department, Environmental Affairs and Public Lighting Departments per a report from the Budget Department. The following table provides the detail of the layoff.

(Municipal and Environmental Services)		
Assistant Storekeeper	-2	
Auto Repair Foreman	-11	
Building Attendant	-4	
Building Attendant A	-20	
Construction Equipment Operator	-1	
Elevator Operations Assistant	-3	
General Auto Mechanic	-37	
General Manager - Public Works	-1	
Laborer A	-2	
Manager II - Public Works	-1	
Office Assistant III	-3	
Principal Construction Inspector-Paving	-4	
Principal Construction Insp-Structural	-1	
Refuse Collection Foreman	-3	
Refuse Collection Packer Oper	-52	
Refuse Collection Supervisor	-1	
Sanitation Laborer	-5	
Service Information Clerk	-1	
Sr Assoc Civil Engr-Field	-1	
Sr Assoc Civil Engr-Field	-1	
Sr Assoc Struct Engr - Design	-1	
Sr Asst Civil Engineer-Field	-1	
Sr Asst Civil-Eng - Field	-1	
Storekeeper	-1	
Supervising Survey Tech	-1	
Supv Bldg Attendant I	-2	
Vehicle Operator I	-13	

Window Cleaner	-2	
Municipal & Environ Services Total		-176
Environmental Control Inspector	-4	
Environmental Affairs Total		-4
Grand Total Combined Agency		180

Significant Funding by Appropriation

The attached spreadsheet compares the 2004-05 Budget and the 2005-06 Mayor's Recommended Budget for in total for the reorganization of the Department of Public Works, Public Lighting Department, and Environmental Affairs into the Municipal and Environmental Services and the creation of the General Services. This presentation does not support the contention that the reorganization results in savings as the reduction is only \$12.7 million or 4.5%, which likely results from reductions in staff unrelated to the reorganization, the 10% wage reductions, and under funding of employee benefits and reduced capital funding. The administration needs to provide the detailed savings they identified in their re-engineering, benchmarking or other studies that led to the recommendation.

Unlimited General Obligation Bond/Capital Funding is being requested for the Intelligent Transportation System in the amount of \$2.0 million, and \$2.8 million for Public Lighting System Improvements.

Municipal & Environmental Services Department (19)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2004-05 Budget</u>	<u>FY 2005-06 Recommended</u>	<u>Increase (Decrease)</u>
Administration	\$ 359,556	\$ 1,000	\$ (358,556)
Street Fund	355,000	3,685,034	3,330,034
Solid Waste	-	-	-
Vacant Lot Clean-Up	2,300,000	233,998	(2,066,002)
Street Maintenance	3,086,354	-	(3,086,354)
City Engineer	2,086,960	1,324,000	(762,960)
Power & Lighting	-	620,940	620,940
Environmental Affairs	-	182,811	182,811
Total	<u>\$ 8,187,870</u>	<u>\$ 6,047,783</u>	<u>\$ (2,140,087)</u>

Administration

1. Provide for Council, all documentation, reports, studies, benchmarking etc. that were used to support decision for the major reorganization involving the Department of Public Works. Include a detailed analysis that identifies the real savings of the reorganization.
2. Specifically address and support the concept of combining DPW operations and PLD. At least on the surface there appears to be very little in common between the collection and disposal of garbage and the street fund activities and the

purchase, generation, and distribution of power and steam. We are concerned that the expertise and uniqueness of these activities will lead to inefficiencies and increased cost. In addition we feel the ability to remain on top of the ever changing technical, operational and economic advancements in these unique fields will be damaging overall to the City.

3. Document the re-engineering studies, reports, analysis that supports the change in the bulk pick up decision. Our understanding is that regular bulk pick up will be ending and replaced by a new schedule of 4 or 5 months in the summer, and January. Explain why your proposed, start and stop schedule is more efficient and cost effect than a continuous schedule of every other month throughout the year.
4. The department is running a sizeable deficit in overtime account in the current year. Explain the circumstances and need that has resulted in the excessive use of overtime, which is contrary to the administrations statement of controlling overtime usage to address the deficit.
5. What is the estimated DPW share of the total reported cost of \$130 million for the 800 megahertz system? How much has already been budgeted? Is there any funding included in the current budget? When does the department expect to begin paying its share for the 800 megahertz system? How will the limited general obligation bonds be paid for?
6. How many of the positions reduced budget to budget are due to the change in commercial and bulk pick up and restructuring?

Refuse Collection and Disposal

1. What is the proposal on changes in the commercial pick up program? If the program is eliminated rather than made to pay for itself, what is the anticipated effect on the Resource Recovery Plant? Will this reduce the amount of garbage taken in at the plant? By how much? Isn't the amount of garbage and timing of its availability a problem at the plant? Isn't commercial pick up, from food establishments etc. a good and steady source?
2. As part of the changes to the bulk pick up program is the department offering expanded bulk drop off opportunities, both in locations and timing? If so, has the department planned for the potential of having to handle more toxic waste? What are the plans?

Street Maintenance – Street Fund Budget

1. Does the moving of Street Maintenance to the Street Fund increase the possibility of using Street Fund appropriations on ineligible types of expenditures?

City Engineer

1. How will the City Engineer office maintain services with the loss of positions? Is the City Engineer division being systematically eliminated? What are the short

and long-range ramifications of reduced or elimination of City Engineering services?

2. Neither The Sidewalk Intersection – City Portion account or Sidewalk Assessment account are funded in the new budget. What if any, sidewalk inspection and replacement will be taking place in the 2005-06 year?
3. With the reductions in staffing, how will you handle the reconstitution of the Sidewalk Investigation and Inspection Bureau? Will that program be in full force this summer? Doesn't this activity relate to the overall Risk Management program for the City, where savings now will be costly in the future?

Vehicle Management

1. The Internal Service Fund – Vehicle Purchases has been in place for a few years, can DPW document any cost savings or operational improvements that resulted from the use of this fund? One of the reasons for the fund was to maintain a regular replacement schedule for vehicles improving the required service cycle of a newer fleet.
2. Please provide details on the centralized, computerized fueling and inventory system being developed? Details, such as, cost, who is developing the system, estimated completion date, anticipated yearly cost savings, etc.
3. What is the anticipated number, by type, of vehicle to be reduced due to the Mayor's elimination of all city vehicles? Is there revenue for the sale of these vehicles budgeted anywhere? Will the proceeds of the sale be a general fund revenue? Or were all or some of the vehicles purchased using the Internal Service Fund, using bond proceeds for the purchase, that will restrict the benefit of the sale proceeds to the general fund?
4. Explain the concept of "a local driving policy" as referenced in the description of Fleet and Equipment Management.
5. Is the Department or Administration working on any type of contract or lease of vehicle agreement for employees who will lose the use of a City vehicle?

IC:JGP

Attachment